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ABSTRACT

Low compensation, in both earnings and benefits, and the resulting high turnover of staff and low quality of programs in early childhood care and education are a national problem. Noting that how we define and view the problem, and the strategies we adopt to solve it, may differ depending on perspectives and disciplines, this paper expands the field's understanding of the compensation problem and suggests a range of strategies for consideration to address the problem. Following an introduction and overview of the current context of early care and education, the paper describes the compensation problem from a variety of perspectives, including supply and demand, reliance on an elastic workforce, return on investment in education, and union organization. The paper then explores ways to broaden the range of strategies that can be used to craft solutions: (1) career development; (2) greater investments per child; (3) direct investments in programs, staff, and quality; (4) better information to consumers; (5) upgraded standards used in licensing and funding; and (6) organizing the workforce. Finally, the paper highlights promising initiatives that are underway to raise compensation, some of which are beginning to demonstrate effects on turnover, and thus on quality. (HTH)

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New Perspectives on Compensation Strategies

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About The Center

Founded at Wheelock College in January 1991, The Center for Career Development in Early Care and Education at Wheelock College (The Center) strives to improve the quality of early care and education for young children by creating access to a career and leadership development system for providers in Head Start, preschool, child care centers, family child care homes, and out-of-school programs. The multifaceted activities of The Center are designed to help improve and change the systems of training that now exist. Current major activities and initiatives of The Center include: the Advanced Seminars in Child Care Administration (week-long seminars at Wheelock and in field locations nationally); technical assistance to enable groups of individual stakeholders in states and communities to create training and career development systems; policy research and writing regarding training, child care regulations, and higher education policy; *Taking the Lead: Investing in Quality Early Childhood Leadership for the 21st Century*, a national leadership initiative to strengthen, increase, and diversify the pool of early childhood leaders; and collaborative efforts, consultation, materials collection, and report writing in areas related to training and career development. For more information, please contact:

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I. Introduction

The facts on compensation in early care and education are well-known. According to the latest information from the Bureau of Labor Statistics, family child care providers earn about $10,500 annually; the average wage for child care workers in centers is about $15,000 per year. Wages have not risen in real dollars over the last decade. Only a small percentage of workers have paid health benefits (Center for the Child Care Workforce, 2000).

For children from a wide range of family backgrounds, high quality child care has a strong positive influence on children's cognitive skills (e.g., math and language abilities) and social skills (e.g., interactions with peers, problem behaviors) while they are in child care and through the transition into school. Unfortunately, the average quality of child care in the United States is only mediocre (Cost, Quality, and Child Outcomes Study Team, 1995 & 1999; Vandell & Wolfe, 2000). High quality child care depends on a skilled and stable workforce (Cost, Quality, and Child Outcomes Study Team, 1995; Howes, Smith, & Galinsky, 1998; Vandell & Wolfe, 2000).

The compensation issue is central to improving policy for early care and education. The quality, continuity, and stability of all the sectors of the caring/educating systems depend on a well-trained and fairly compensated workforce. We must have teachers, caregivers, and administrators who are committed to the children they serve, good at what they do, and enabled to stick with their jobs in good economic times and bad. Without a skilled and stable workforce, we will not be able to help families to be self-supporting, we will not be able to assure that children arrive at school ready to succeed, and we will not be able to partner with employers to alleviate work and family stresses.

Few would dispute that we have a major policy problem. Low compensation, both earnings and benefits, and the resulting high turnover of staff and low quality of programs are a national problem. How we define and view the problem, and the strategies we adopt to solve it, may differ depending on perspectives and disciplines. We might find new allies and identify fresh strategies by walking around this problem and viewing it from different perspectives.

Defining the Problem

Low wages and poor benefits lead to high turnover and low quality. Wages and benefits in early care and education have not improved as the economy has improved.

The early childhood field has viewed the compensation problem primarily from a moral or psychological perspective: "If only people valued us more in society, they'd do the right thing and pay us better." The perspectives of the economists, political scientists, and labor and business experts might add to the number of strategies that we use to address the problem.

The Current Context

Right now is an especially good time to be looking at the compensation issue from a variety of perspectives. As a nation, we are in an unprecedented long period of continuous full employment. Wages and family income have risen, even for the groups that have traditionally been at the bottom of the charts—people of color, single mothers. The increasing and continued labor force participation by mothers with young children has provided a source of labor that

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contributed to the economic expansion. Yet the wages in the child care and education fields—so necessary to support these working families—have not risen in real dollars, and may even have deteriorated.

Of all the labor shortages, the most severe is that for early care and education. Newspapers report child care centers closing their doors because they are unable to find adequate staff (Lewis, 2000). In the most competitive labor markets, data indicate that the level of education of early childhood teachers has dropped dramatically, as those with college degrees enter better-paying jobs outside the field for which they prepared (Boston Equip, 1999).

As the booming U.S. economy continues, groups with previously high unemployment rates are now employed, and their wages have risen. The lowest earning groups in the workforce should benefit by the labor shortage. Staff who are in short supply can command higher wages, just by the laws of supply and demand. There is some evidence that this is happening, in some places, for some roles in early care and education. We should scrutinize the labor market data carefully for any signs that wages for directors, lead teachers, and other roles are responding to the tight labor market. At the same time, we need to continue to call attention to data that indicate that this field is an atypical market, if it is a market at all.

The Labor Shortage: New Opportunities

Strategically, our field has a window of opportunity right now to capitalize on the labor shortage, asking for more money to recruit and train workers, offer hiring bonuses, pay retention awards, and implement other short-term incentives for recruitment and retention. In a strong economy, where governments at all levels have budget surpluses, we should be able to get public dollars for these purposes.

Fundamentally, we need to understand the root causes that keep real wages from rising even at a time when the labor supply is low. This is a time to engage economists—particularly labor economists—in a continuing dialogue about compensation. We need answers to questions like these:

1. In a period of continued economic expansion, when the growth in child care services has been increasing rapidly and severe labor shortages exist in the industry, why don't real wages in child care increase to attract more workers and alleviate the worker supply gap?
2. In what ways is the child care labor market unique or different from other service or professional labor markets? How do these conditions explain the persistence of low wages even during a long period of expansion in the economy? Are these conditions likely to change?
3. Is the current child care labor shortage mainly due to the current long economic expansion or are there other causes as well? If the shortage is due to the expanding economy, will it disappear when the economy changes? What strategies for raising wages should be tried in this economy? How can we preserve these gains later?

In this paper, we intend to expand the field's understanding of the compensation problem and suggest a range of strategies that can be considered to address it. In Section II, we describe the compensation problem from a variety of perspectives. In Section III, we propose ways to broaden the range of strategies we can use to craft solutions. Finally, in Section IV, we highlight

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promising initiatives that are under way to raise compensation, some of which are beginning to demonstrate effects on turnover, and thus on quality.

We hope this paper will lay the groundwork for leaders in our field to be able to have meaningful conversations with economists about solutions to the compensation problem.

II. Compensation as an Economic Issue

Compensation is an economic concept that will not be solved by public awareness alone. The early childhood field, with our emphasis on psychology, sees the problem as one of public awareness. We tend to view low compensation as a moral issue; we want the public to share our awareness of the moral aspects of working with young children and the unfairness of our wages. Many of us believe that the field's compensation issues would be solved if the public understood the true value of our work with young children.

The issue of compensation is also a complex economic one, not easily solved or remedied with a single approach. Even though we speak a different intellectual language from other disciplines, we need to engage the economists in a continuing dialogue about compensation. We can broaden our repertoire of strategies by attending to some of the ways that other disciplines look at our issues.

The Economist's View of Child Care

Workforce

⇒ Low (or even negative) return on individual investment in training.

⇒ Many workers see the job as 'low skill' and temporary.

⇒ Some workers, mainly the better educated, are altruistic and accept low wages.

⇒ 'Elastic' supply of workers willing to accept low wages.

Consumers

⇒ Sensitive to price.

⇒ Consider quality, but do not express 'effective demand' for quality.

⇒ Lack specific information to help them compare and choose services.

Suppliers (employers)

⇒ Price competition among suppliers creates pressure to keep wages low.

⇒ Combination of low wages, high turnover, and low-skilled workforce creates pressure to increase productivity by adapting the work (more structured, standardized, scheduled).

⇒ High turnover discourages employers' investment in worker training (beyond orientation and regulatory requirements).

Supply and Demand

Nowhere do early childhood professionals and economists conflict more sharply than in our assumptions about supply and demand. In early care and education, we assume a problem of supply. In contrast, economists are more likely to find a problem with demand. We need to take the time to get on the same page in order to have a conversation. To an economist, *effective demand* is the major factor determining supply. A program or product will survive only if there is someone who wants it and who can afford to pay for it. Those individuals who want and can pay for the program, on their own or with help, constitute the effective demand. Supply increases or changes in response to effective demand.

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For several reasons, there is also low effective demand for quality. First, very little high quality child care exists, so that few consumers have ever seen or experienced quality and most consumers cannot even imagine it. Second, a great deal of mediocre (average quality) child care does exist. Thus, the majority of consumers have only experienced mediocre child care and do not demand anything better.

The Compensation Culprit: Supply or Effective Demand?

Most economists would classify economic problems in child care as problems of demand, rather than supply. That means the current supply is adequate to meet the existing *effective demand*. The problems are on the demand side, particularly with affordability, that inhibit a strong effective demand. Where there is effective demand, labor shortages can result in increased wages.

Three strategies to create effective demand:

- More extensive subsidy programs
- More generous tax credits for child care expenses
- Activities to provide information to consumers about the specific services available to them in the community and the quality of those services. Consumer information for child care will affect the market, and lead to a demand for higher quality.

It is obvious that the full cost of quality child care is beyond affordability for the average family in the United States. We need to press for increased public and private funding to support a universal affordability formula that permits families to pay what they can afford. Many advocates have taken that position, which is a compensation strategy. Universal affordability means all families have access to services and the public as a whole then has a stake in quality programs. Currently, public policy subsidizes a portion of demand to make it effective, the demand of the poorest families. For families at the median income, most of whom are there only because they are earning two incomes, there is no subsidy beyond very modest tax credits, and thus no effective demand. Studies reveal that the families that pay the most as a proportion of their income and receive the lowest quality are the working families—both two-parent and single parent—whose incomes are around the median (National Institute of Child Health and Development, 1998). These median-income families are not eligible for child care subsidies and cannot afford to purchase decent child care on their own.

Demographics

In a strong economy with low unemployment, most labor markets are tight. In early care and education an additional factor is working against us: many of our workers are younger, often in their twenties. Currently, the smallest age cohort in the entire United States population is the group between 18 and 27 years old, exactly the group from which much of our labor force is presently drawn.

Reliance on an Elastic Workforce

Even if demographics were on our side, economists have long pointed out that the early care and education field does not behave in accordance with the general laws of economics. Economist Suzanne Helburn (2000) has developed a theory about the early childhood workforce. Stagnant wage levels, she says, result from the availability of an elastic supply of workers with low skills willing to work at the going wage, moving in and out of employment. These workers view the

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jobs as temporary, low-skill employment. Helburn identifies two streams of workers in the child care labor force:

- workers with low skills and education; and
- educated workers for whom the work itself has value above its monetary rewards.

The elasticity of the early childhood workforce has major implications for strategy. First, to reduce elasticity and raise pay, the supply of eligible workers must be restricted. The field must require credentials for most positions—including at least some entry-level jobs. At the same time, the field's entry-level training must not train people for dead-ended low-paying jobs. We need training that takes individuals through and beyond this level, setting them on a path for further learning and college degrees to qualify for better jobs.

Altruism

During the 1980's, a hot debate over federal funding standards for child care was in full swing. A newly installed Legal Counsel for the federal Department of Health and Human Services discovered that Alabama was paying centers an amount that would not even cover the cost of meeting the state's child care licensing rules. This finding, so startling to the Legal Counsel, was not at all uncommon among the states. Amazed, the Legal Counsel asked, "Then why do the programs do it?" That is, why do they provide the care? This behavior is not the way economic supply/demand usually works.

Some economists, equally amazed, believe there is a strong element of altruism in the early care and education field. Both family child care providers and individual centers often limit their fees out of a desire to help out families. In their altruism, they may not charge "what the market will bear."

Altruism in the Field: Good Intentions, Bad Results?

Accepting low fees keeps compensation low. Although intended to support families, it is possible that our own altruism is part of the cause of the lack of adequate resources as a field. Altruism may inhibit our field from uniting in making appropriate economic demands that will allow us to increase salaries and reduce turnover.

As an essential service, early care and education supports families and contributes to children's optimal learning and growth. Some members of the field put these intrinsic rewards of the work ahead of their own well-being, accepting salaries far lower than the value of their work. However, they may find it necessary to leave the field when the income does not support them. Other members of the field, equally dedicated to the mission to support children and families, are now demanding higher salaries in order to retain staff and put value to the work.

Return on Investment in Education

Economists view the rate of return a worker receives on the funds he or she invests in preparing for a role as one measure of the economic fitness of a job category. *Return on investment* compares the amount spent on education to the increase in earnings received due to the education. If the cost of education is higher than the overall increase in earnings, the return on investment is negative. Several studies report a negative return on investment, at most only a 5%

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rate of return for center teachers, and no return on increased experience or level of education for aides and assistants.

Even in public education, where teachers are relatively better paid, averaging $37,300 per year, their pay averages $7,894 per year less than they could earn in another field with their college degrees (Education Week, 2000). These findings suggest public investments in scholarship assistance, loan forgiveness programs, and other incentives for training to overcome the negative return on investment in education for child care workers. To raise compensation, investments in training must be coupled with career ladders that link wages to required qualifications.

The High Cost of Negative Return on Investment

Teachers in the Cost, Quality and Child Outcomes study could have earned $5,200 per year more in another occupation, given their gender, age, education, and background. Over time, these teachers will have substantially less in lifetime earnings than other comparably educated workers who choose other fields (Cost, Quality, and Child Outcomes Study Team, 1995).

Pressure to Increase Productivity

The combination of low wages, high turnover, and low-skilled workers leads employers to push for increases in productivity through adaptation of the work itself. The early childhood field is labor-intensive, and early care and education cannot be made substantially more efficient by technology or other methods that have worked to make manufacturing fields more productive. Improved business practices, phone lines, computerized accounting, and the like do make a difference, but most of the costs of the service lie in the salaries of the staff who work directly with children.

In *New Rules for a New Economy: Employment and Opportunity in Postindustrial America*, Stephen Herzenberg, John Alic, and Howard Wial offer an analysis of how to apply concepts of productivity appropriately to service industries, recognizing that services are more complex than manufacturing processes. In child care, improved performance (greater productivity) requires staff to use judgement about how to satisfy unique needs of individual children. While there is some usefulness to standardized rules and routines, effective early care and education services are not just a matter of standardizing when and how to change diapers, toilet train, serve meals, put children down for naps, read them stories, and so on. Workers must develop skills in understanding growing children's continually changing wants and needs, and this requires constant adjustment to new situations. Herzenberg and his colleagues posit that enhanced job performance follows from a worker's improving his or her ability to elicit, understand, and respond to the situation, to select and follow work practices from an available repertoire, and perhaps to learn or invent new practices. Investments in training create both quality improvements and cost savings by producing "economies of depth," and "economies of coordination" (Herzenberg, Alic, & Wial, 1998).

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There are several examples of cost savings—equally valid for centers and family child care—from this approach to productivity:

1. Teachers with more skill do not spend their time unproductively bossing and directing children. They are able to create a climate of calm and attention in which discipline in the top-down sense is seldom needed.
2. Teachers with training and knowledge of child development are better able to "read children" and assess children's needs. A teacher who knows how to avert temper tantrums saves time and improves the experience for all the children.
3. Routine tasks are of great importance to the health and safety of children. Well-trained teachers can structure such tasks for efficiency, thus maximizing time for learning opportunities and time for responsive individual attention.

Getting entry-level workers on a career path with built-in wage increases tied to qualifications will reduce reliance on an elastic set of workers. For this purpose, we need a system that will require aides and assistants to participate in training that will enable them over time to move into more demanding roles. In this sense, the career development policies that are being implemented across the country are important as wage initiatives. In the much admired United States Army child care system, wages increase with more training, but an aide does not have the option of remaining untrained with stagnant wages. Individuals must move "up or out."

IF reliance on an elastic—and frequently changing—workforce with little training is keeping wages in the field low and services low in quality.

AND productivity can be increased with skilled staff.

THEN one strategy is to adopt practices that engage and retain workers in continuing learning.

At least 44 states require some training every year for all staff in their licensing requirements. Training policies could be further improved by:

- making sure the number of hours of training is significant enough to have a long range effect, no less than 24 hours annually;
- assuring that training is well-designed and effective at changing behavior;
- encouraging college credit to be available for the required training; and
- making sure that the training enables aides and assistants to see the career options ahead and know that they are on a path to become teachers or fill other better paying roles in the field.

Organizing

Unions, although not common in the early care and education field, have achieved some notable success in compelling more dollars to flow into child care. Unions use their considerable political strength, both alone and in advocacy coalitions, to push for greater public investment in child care. This is an essential role because without more money, there can be no increase in compensation. Some early childhood professionals fear unions, often imagining the type of adversarial confrontation and demands that have been used in bargaining with business organizations. Since child care organizations are usually under-funded, effective unions address

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legislators and public policy administrators as targets, rather than child care center directors alone. In addition, human service unions often engage in collaborative organizing at the community level. Workers in a group of centers in a community form an association for bargaining with employers.

The Center for the Child Care Workforce (CCW), while not a union, supports organizing strategies in communities, such as its Worthy Wage Network, that address the need for more money tied to the compensation issue. In some communities, this kind of organizing is stimulated by organizations such as child care resource and referral (CCR&R) agencies.

The Caring Movement

A new social movement is the growing emphasis among social activists and young feminists to recognize the importance and value of all forms of care. Society has devalued and underpaid those who care, whether it is health care workers, youth care workers, elder care workers, or any other form of care. The early childhood field combines both education and caring. Internally, the field values its caring equally with its educating, but society as a whole currently values education but not care (Stone, 2000).

The roots of undervaluing caring can be traced back to the nineteenth and early twentieth century where professions were male dominated, and still reflected the assumption that rational thought is male and superior, while emotions undermine rational thought and are inferior, as well as associated with women. The caring movement now recognizes the necessity of caring supports for people and families in society and the need to value caring done by both men and women.

The caring movement is attracting younger feminists in a variety of disciplines, and may become integral to new initiatives in the union movement. A number of feminist economists have integrated concepts of caring into their analyses. The idea that it is essential for the health of our economy to value and reward those who care is inherent in this approach to economics. This caring perspective will attract new participants to our organizing efforts. It suggests that we should enlist the help of younger feminists not yet involved in child care or in support for caring in general.

Ally Efforts to Improve Compensation with the Caring Movement

- Connect campaigns for child care and elder care quality.
- Enlist activist feminist groups.
- Link the concept of caring to all organizing efforts.

Consumer Information to Stimulate Demand

Wage policies in a particular program or community result from the interaction of supply and demand, in the context of the values and customs of society. One factor that clearly affects that interaction is information. To date, much of the policy focus in compensation work has been on the supply side. However, paying attention to providing better information to consumers of child care might affect the demand side significantly.

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For almost any major purchase that families make in this country, there are sources of information that help them discriminate and make wise choices. Consumers of child care are sensitive to price differences and give some consideration to perceived quality differences. Price differences are fairly obvious, but consumers lack information to distinguish among the qualify of services offered.

"Consumer Reports" on Child Care?

Families have consumer ratings, expert advisors, and any number of helps to turn to when buying a meal in a restaurant, purchasing a car or a house, or selecting a health provider. To date, however, parents have little access to explicit information about specific early care and education services.

In the field of early care and education, we have a delivery system for such information: a national network of child care resource and referral agencies (CCR&Rs). For over 25 years, CCR&Rs—like Cooperative Extension and many other childhood advisors—have attempted to turn parents into "expert choosers," rather than giving parents what they want: the basic information they need to make a choice. The approach of creating expert choosers has had some success in educating parents about the need for quality, but progress has been very slow.

The approach to consumer information is changing in the early care and education field as in other fields. North Carolina, for example, is rating all its centers, and displaying the rating on their licenses. Oklahoma has a similar system. Rating allows all parents to have information on quality and makes it possible to structure public subsidies to reward higher quality. A growing number of states pay a higher rate for accredited centers and homes. In the past few years, the general public's awareness that accreditation is a way to identify higher quality has increased dramatically.

During the next decade, if CCR&Rs shift toward providing objective, factual information to parents about specific features of programs (e.g., licensing records, accreditation status, percent of staff with credentials and college degrees), CCR&Rs may have a stronger effect on demand than they have had with their former approach. More detailed consumer information could result in higher demand for quality programs and qualified staff. If CCR&Rs make that shift, it will be a compensation strategy as well as a quality strategy.

Marketing to Effective Demand

For demand to be effective, programs must be affordable, flexible, high in quality, and need to inspire consumer trust, to be attractive services to consumers. Since the children of this century are becoming increasingly diverse, programs need to inspire trust among families with a wide range of cultural values and who speak many more languages than in the past. It is not clear that the early care and education field has been marketing itself as having these values, even to those who can afford the service through their own wealth or to those who have access through subsidy. We have assumed that the only problem is affordability, but it is likely that we need to make ourselves more attractive and responsive to diverse families to convince the public of the value of early care and education as a public investment.

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The Flexibility Factor

The flexibility of early care and education services appears to be both an important part of consumer demand and an essential aspect of quality. In his studies of child care, Art Emlen (1999) identified three types of flexibility that families may have in varying degrees: flexibility within the family; flexibility at the workplace; and flexibility in the caregiving program. Emlen found that working families need some flexibility in their lives in order to manage the demands of both work and family. His studies revealed that parents who are dissatisfied, and who view the child care service they use as low in quality, have low flexibility on all three of these factors.

Many families need some supportive flexibility at their child care programs, as well as flexibility in the other two factors. Traditionally, family child care homes have been better able than most centers to provide flexibility for families. Thus, families who choose center-based care and view it positively tend to have high flexibility both in their family and in their jobs and don't need to rely on the flexibility of their caregiving programs.

Child care centers that do have flexibility receive very high approval from parents. Emlen concludes that the degree of flexibility a family has determines whether parents are able to choose quality, which will affect overall demand. This concept suggests that the training for all early care and education staff include concepts of family friendly service and that directors in particular need to learn how to offer flexible service.

"Systems" Thinking

The wage issue in early care and education has long been known to be a complex one. The National Child Care Study (Ruopp, Travers, & Coelen, 1979) discovered that salaries, fees, and ratios are so interrelated that to attempt to fix one of them is to make the others worse. In the field, we have been calling this particular set of issues a "trilemma." It is recognizably a systems issue, and we know that a narrower, problem-solving approach for any one of these three factors will make the others worse.

What is a 'system'?

A system is any set of mutually interdependent elements (Cohen, Fink, Gadon, and Willits, 1992). Systems thinking means correcting problems in the system as a whole, rather than believing that a simple solution to the problem immediately at hand will solve that problem.

One of the leaders in identifying systems thinking, J. W. Forrester, discovered a generation ago that the nature of social systems is counterintuitive. Our experience with simple systems, he wrote, causes us to look for solutions near the symptoms of trouble; but solving sub-system problems will make other issues worse, and we will fail to correct the systemic problem. All social systems seem to have a few sensitive influence points through which the behavior of the system can be changed. But these points are not where most people expect them to be. "A series of actions all aimed at short-run improvement can eventually burden a system with long-run depressants so severe that even heroic short-run measures no longer suffice." (Forrester, 1975)

One example of the systems approach is the efforts of initiatives nationwide to build career development systems in states and communities. These initiatives attempt to address the

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compensation/quality/cost issues by modifying the system that is creating low wages. Systems thinking suggests that we have been wise to include major systemic change among our strategies for compensation, and that we should redouble those efforts to speed up the changes, as well as link these efforts to other strategies that will affect the whole system.

Child Care as a Merit Good

In a free market economy, firms will only provide goods and services if they can ensure that they will receive payment. Providers of goods and services will produce whatever quantity is the most profitable, and they will only take into account their own costs and benefits. They do not account for external costs or benefits that extend beyond providers and consumers.

Merit goods are essential goods that would be provided in a free market system, but would almost certainly not be provided in sufficient quantity. To ensure that a merit good is provided in sufficient quantity, the government encourages more production—for example by subsidizing the good or service—by encouraging philanthropy to support it, or by providing the merit good itself.

Why is Quality Child Care a Merit Good?

1. Quality child care produces social benefits that exceed its private benefits:
   - enhanced child development;
   - increased academic achievement in school; and
   - higher productivity in later life.
2. The current labor market relies on child care to enable families with children to work.
3. The cost of providing quality child care is greater than most families can afford.

Quality child care is a merit good. If child care had no public support, private programs would still exist for those families who could afford them. Further, some new private programs might open in response to this demand. There would not, however, be nearly enough early care and education provided for everyone to benefit. This happens because the market only takes account of the private costs and benefits, not of the external benefits that arise to society from everyone having access to early care and education.

The existence of nonprofit child care centers demonstrates that many think child care is a merit good and donate money and volunteer their services to child care. The fact that the federal government spends several billion dollars a year on Head Start demonstrates that we recognize the external benefits of providing early care and education to at-risk children. At-risk children who receive early care and education are more likely to enter school ready to achieve, less likely to require special education, and more likely to graduate from high school (and college) and go to work. Fewer of them go to jail and fewer will be teenaged single moms that require public support, among other benefits (Chiesa, Everingham, Greenwood, Houbé, Karoly, Kilburn, Rydell, & Sanders, 1998). These benefits save more tax dollars than the cost of the child care.

Yet, early care and education is not widely viewed by policy-makers or by the general public as a merit good equivalent to, for example, higher education. Certainly, a strong factor working against widespread acceptance of early care and education as a merit good is the entrenched U.S. view that families should be self-supporting and independent. With this view, comes the perspective that any problems families have are the result of their own inadequacies and need to

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be solved by families rather than any reliance on a supportive community. Many parents hold the view that child care is a personal problem and not a public one. The essential challenge is getting the public to recognize child care as a merit good that provides significant external benefits to justify spending a greater share of public resources on it.

The public considers education, including higher education, to be a merit good because it enables citizens to reach their maximum potential and advance their lives through their own efforts. And, college costs more than most families can afford. The affordability issue is well established for child care. However, before the public fully accepts child care as a merit good, there must be a strong perception that child care is linked to brain development and education, that it is safe, trustworthy, enjoyed by children, and supportive of families. The benefits of child care must be recognized in terms of quality, dependability, responsiveness, flexibility, supportiveness, accountability, and outcomes. Possibly, public awareness campaigns need to market these aspects of the service. But, how much of the service at present can claim to have those qualities? The early care and education field tends to assume that we would have those qualities if we had the resources and support. Perhaps it is the other way around: child care services must begin to develop and market those qualities in order to garner the public resources and support to solidify the field's status as a merit good.

Finance Reform

The problems of underinvestment and inadequate financing in the field of early care and education are linked, and the root of the problem may be structural. In other fields—housing, higher education, transportation, and health care—public financial support is available in some measure to all families. In public transportation, fares are "subsidized" for all riders. Tax credits and other means are available to build low-income housing, and homeowners can access federal mortgage tax deductions. In institutions of higher education, the same tuition is charged for all students, plus financial aid grants and loans are available for needy students.

Quality Child Care as an Economic Development Investment

In housing, higher education, transportation, and health care fields, public financial support is viewed as an *economic development investment*, not charity. In transportation and housing, public subsidies are investments in the construction industry. In higher education, public support is an investment toward an educated citizenry; receiving financial aid carries no stigma. Why isn't public support for quality child care seen as an investment in our country's future workforce?

Further, support is provided through both direct financial assistance to a program and additionally as portable financial assistance to consumers. In transportation, direct capital aid is used to build the system *and* public investment assures low fares for riders. In housing, there is public investment in equity for building construction *and* for rent subsidies for families. In higher education, public budgets make direct appropriations to colleges *and* provide financial aid for students (Stoney, 1998).

Perversely, in child care, only a small percentage of all families (including low-income families) get any help. This is because there is very little direct public or private sector support to programs, and the portable financial support for low-income families is capped at levels determined by what average-income families are believed to be willing to pay (so-called "market rates"). Because the majority of funds are for the poor, we assume any public support is charity. Further, portable financial assistance (usually in the form of "child care subsidies") substitutes

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for, rather than supplements, any direct support programs may receive. It's usually decried as "double-dipping."

Investments in Child Care vs. Investments in Higher Education

The significance of *direct financial support* is clear when we compare direct and portable assistance to child care centers and private non-profit institutions of higher education. The average child care center has few sources of direct support and must support almost 90% of its revenue needs with tuition. In contrast, the average private college receives direct support in various forms and needs to support only about half of its total costs through tuition.

Our country needs to dramatically increase direct support for early care and education programs. One approach is to increase the amount invested per child, drawing on sources other than parents. It is essential that we invest in ways that don't increase the price families have to pay, or that reduce it to an affordable level. One example would be subsidy payments set well above the "market" rate. Direct support can pay for current costs of programs, such as health benefits, and for current costs incurred by individuals, such as for training and continuing education. In the United States Army, the child care program budget now uses a unit cost (per child space) that includes all these elements of quality. Scholarships that directly link education to compensation, such as Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood® Project, are an example of compensation strategies due to this link and because they promote career advancement through higher education. In these ways, direct support can target compensation by rewarding staff for qualifications achieved and longevity as San Francisco's CARES (Compensation and Retention Encourage Stability) and North Carolina's WAGE$ programs do. Employers who fund child care programs for their own employees are clear about the link between compensation and retention and are directly supporting the costs. Many of these employers are investing between $40,000 and $100,000 per center year to increase teacher salaries and reduce turnover (Brown, 2000).

New Strategies for Solutions

Key Principles of Compensation Solutions

There are several key principles that guide effective compensation solutions. These principles are derived from research on child care conducted over several decades and studies of finance in other fields:

1. Increased compensation must be directly linked to increased qualifications.
2. Regulations should include pre-employment qualifications for roles, pre-employment education, and substantial ongoing continuing education requirements.
3. Market rates (prices currently charged for child care) do not reflect the actual cost of producing quality child care.
4. Increased compensation cannot depend solely on parent fees, or on portable subsidies that replace parent fees.
5. Direct subsidies and portable subsidies are both necessary. They are not substitutes for one another, but must be combined.
6. Compensation is a systems problem, and requires multiple interactive solutions.

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Compensation is certainly a systems problem that requires systems solutions. Clearly, any solution must at least address all three factors of the quality-compensation-affordability trilemma. To be effective, solutions must deal simultaneously with several contributing factors, as illustrated in the graphic on page 15. These factors correspond to the underlying causes of poor compensation discussed above. An effective overall solution to improve compensation will employ strategies to address each of these factors and link strategies to one another.

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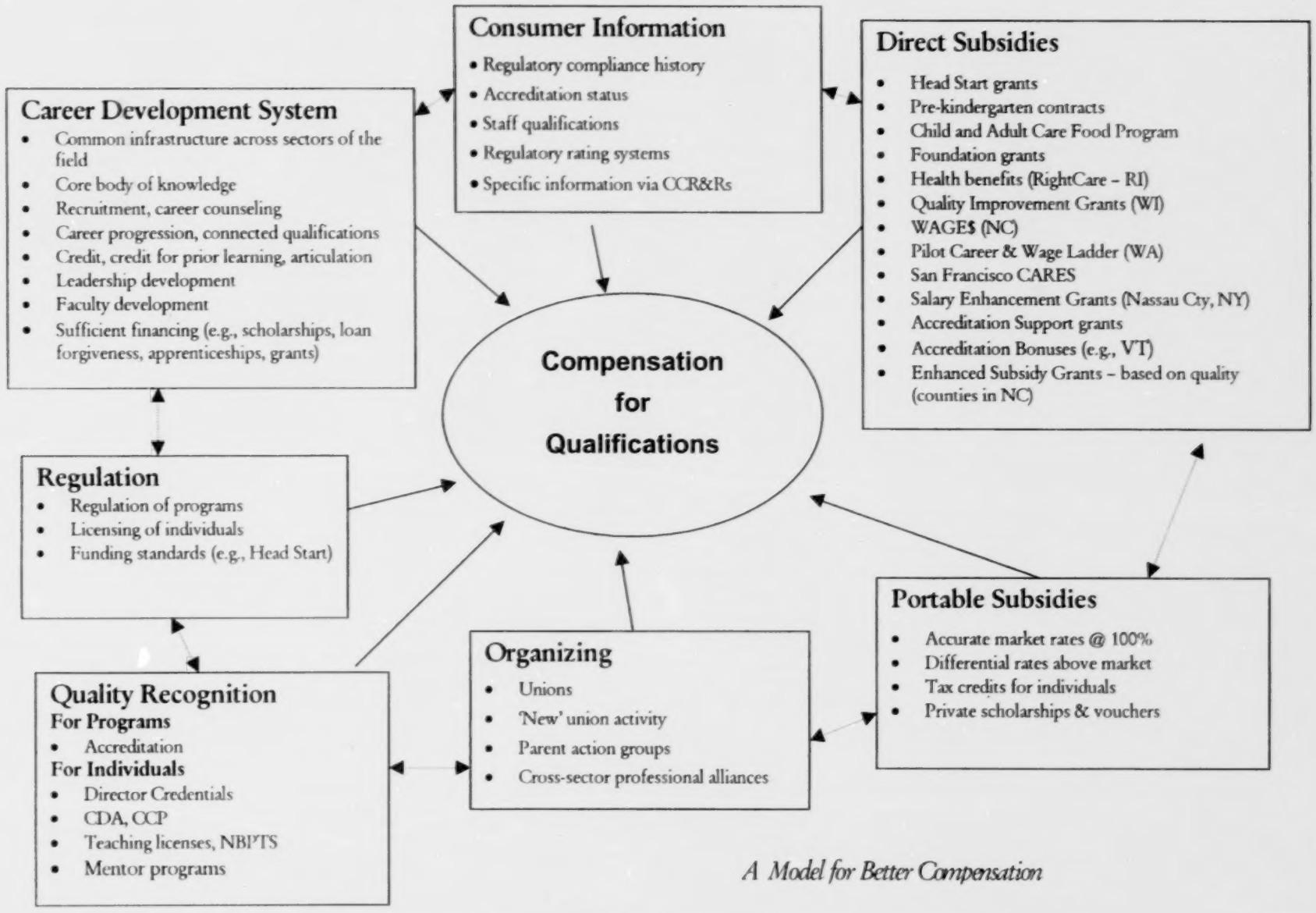
Consumer Information
• Regulatory compliance history
• Accreditation status
• Staff qualifications
• Regulatory rating systems
• Specific information via CCR&Rs
Career Development System
• Common infrastructure across sectors of the field
• Core body of knowledge
• Recruitment, career counseling
• Career progression, connected qualifications
• Credit, credit for prior learning, articulation
• Leadership development
• Faculty development
• Sufficient financing (e.g., scholarships, loan forgiveness, apprenticeships, grants)
Direct Subsidies
• Head Start grants
• Pre-kindergarten contracts
• Child and Adult Care Food Program
• Foundation grants
• Health benefits (RightCare – RI)
• Quality Improvement Grants (WI)
• WAGE$ (NC)
• Pilot Career & Wage Ladder (WA)
• San Francisco CARES
• Salary Enhancement Grants (Nassau Cty, NY)
• Accreditation Support grants
• Accreditation Bonuses (e.g., VT)
• Enhanced Subsidy Grants – based on quality (counties in NC)
Compensation for Qualifications
Regulation
• Regulation of programs
• Licensing of individuals
• Funding standards (e.g., Head Start)
Portable Subsidies
• Accurate market rates @ 100%
• Differential rates above market
• Tax credits for individuals
• Private scholarships & vouchers
Organizing
• Unions
• 'New' union activity
• Parent action groups
• Cross-sector professional alliances
Quality Recognition
For Programs
• Accreditation
For Individuals
• Director Credentials
• CDA, CCP
• Teaching licenses, NBPTS
• Mentor programs

A Model for Better Compensation

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Across the nation, states and communities are implementing promising initiatives that represent strategies toward a solution. These initiatives can be grouped into six different approaches:

1. Career development
2. Greater investments per child
3. Direct investments in programs, staff, and quality
4. Better information to consumers
5. Upgrading standards used in licensing and funding
6. Organizing the workforce

The challenge is not to make a choice among these six approaches, but to move to implement some parts of all of them.

1. Career Development

Profound concerns about compensation propel the work of more than 40 groups in states and communities that call themselves "Career Development" or "Professional Development" planning groups and many of the policy-makers who are instituting changes in response to this work. Career development work is a set of organized systemic changes designed and expected to bring more diversity to the field, greater access to higher paying jobs for those who enter without extensive pre-service education—including members of underrepresented groups—higher status and compensation for the field as a whole, and greater commitment within the higher education community to meeting the needs of the various sectors of the early care and education field.

Career Development in Contrast to Traditional Credentialism

The modern career development approach, with the goals described above, is geared to retain and professionalize the already employed in addition to those preparing themselves for future employment. There are several benefits of today's approach as compared with traditional credentialism.

- "Intentionality"—or expressed desire to get a college degree—may unfold gradually in some aides and assistants; a career development system permits practitioners/providers to take smaller steps and ensures that these steps count toward a degree.
- A career development system provides greater access to credit bearing training for the already employed.
- Career development puts strong emphasis on greater diversity in the workforce and in the leadership of the field.
- Career development is characterized by lifelong career progression, rather than drawing a firm and relatively permanent line between professionals and those who are not professionals.

Compensation strategies have emerged from the widespread interest in the modern career development approach. In the pages that follow, we describe four of these strategies—mentoring,

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apprentice programs, scholarship programs, and merit pay awards—and also briefly discuss other career development approaches.

MENTORING

Mentoring programs have sprouted up all over the United States. In the pages that follow, we present a few examples.

- The ***California Early Childhood Mentor Teacher Program*** (CECMP) selects experienced teachers and offers them advanced training in adult learning and supervision through the community college system. Mentor candidates must have at least two years of experience in an early childhood setting, as well as an associate's degree or a certificate in Early Childhood education (an element of which must be the completion of a supervised practicum). Teachers who complete the mentor training course can apply to become mentors. If selected, they earn a stipend on a per-student basis (at an average of $1,000 per year) for using their classroom as an environment or practicum to train student teachers and help students to link child development theory with on-the-job, high-quality practice. Mentors also receive an annual $500 in-service training stipend, as well as ongoing training and support to enhance their own professional development. Chabot College administers CECMP with funds from the Child Care Development Block Grant (CCDBG) and eight private funders. The program currently operates in 50 community college sites statewide. The program gives access to additional funds that supplement the salaries of teachers, and it has the further effect of enabling community colleges to offer a supervised field placement for early care and education enrollees.

  FOR MORE INFORMATION, CONTACT:
  →Linda Olivenbaum, Mentor Program, Chabot College, 25555 Hesperian Blvd, Room 206, Hayward, CA 94545.
  Phone: (510) 786-6677.

- The ***Minnesota Child Care Apprentice/Mentor Program*** (MCCAMP) is a pilot program in Minneapolis and Rochester, Minnesota that combines training, support services, wage subsidies, and job placement services. Mentors, apprentices, and sponsoring centers apply to participate in the program as a team. Typically, participants are already working together, but occasionally MCCAMP staff are involved in facilitating matches. Mentor teachers must have five years of experience in the field, three of which must have been in a supervisory position, and a bachelor's degree in early childhood education, a Child Development Associate (CDA) credential, or the equivalent. Apprentices must work in a child care center and have at least a General Education Diploma (GED).

  Mentors receive four upper division college credits in professional mentoring, adult development, and leadership (based on the curriculum developed by the Center for Child Care Workforce). Additionally, mentors receive an annual stipend of $1040. Apprentices work one-on-one with mentors at a child care center for two years, receive a 90% tuition reimbursement for 30 college credits toward a certificate in early childhood education, and become qualified as head teachers under Minnesota licensing guidelines. Apprentices also receive wage upgrades at six-month intervals. Participating child care centers receive salary supplements from MCCAMP, and are required to pay only $2.50 of the apprentice's hourly

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base wages plus 100% of the wage upgrades that are required every six months. Additionally, participating centers must agree to raise the apprentice's wages to at least $9.00 per hour at the end of the two-year training period. The Greater Minneapolis Day Care Association is the fiscal agent for MCCAMP. The program is supported with Hennipen County discretionary funds targeted to help low-income residents gain better-paying employment, as well as state funds. The two-year cost to MCCAMP for each apprentice/mentor team is $9,651.

FOR MORE INFORMATION, CONTACT:
→Sue Dicker, Greater Minneapolis Day Care Association, 1628 Elliot Avenue South, Minneapolis MN 55404.
Phone: (612) 341-1177.

- The ***Milwaukee Early Childhood Mentor Teacher Program*** selects caregivers in child care centers and family child care homes as potential mentors. Individuals interested in becoming mentors in a child care center must have: at least two years of experience in a full-day child care center, including at least one year's experience as a lead teacher for children ages zero to six; and twelve credits in early childhood education or a CDA and six credits in early childhood education. Individuals interested in becoming mentors in a family child care setting must have operated an accredited family child care home, have worked in family child care for at least two years, have at least 100 hours of family child care training from an approved agency. These individuals enroll in a two-credit seminar to prepare them for their role as mentors.

  Staff from both centers and family child care homes who are interested in becoming "protégés" complete applications which are reviewed by a selection committee. After mentors and protégés have been matched, they both enroll in a three credit course which structures their one-on-one work. During the semester they are involved in the program, mentors receive a $500 stipend to cover the cost of tuition and books. Protégés are reimbursed for tuition, provided they receive at least a B grade, and receive a grant of $150 for classroom materials. Once center-based mentors and protégés have completed the program, their directors are required to increase their wages, and family child care providers are encouraged to raise their rates. The program is administered by the Milwaukee Area Technical College (MATC), with funds from the Wisconsin Department of Health and Human Services.

  FOR MORE INFORMATION, CONTACT:
  → Kathy Strazishar, MATC, 700 West State Street, Milwaukee, WI, 53233.
  Phone: (414) 297-7749.

APPRENTICESHIP

Over the last decade, early childhood apprentice programs in West Virginia, Florida, and Minnesota have demonstrated that rigorous Department of Labor (DOL)standards, emphasis on college education, and a career approach with the potential of articulation to higher levels of college can attract and retain people for our field, and give them the skills we need. Compensation is an essential component of any apprentice program, since the assumption of the Department of Labor is that a person who has become qualified must receive higher pay. This year the federal Department of Labor issued contracts with 20 states for new apprentice programs across the country.

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- The ***Early Childhood Associate Credential Apprenticeship Program***, sponsored by the New York State Department of Labor, is designed to allow an individual to earn an early childhood credential while working in a child care center. Each apprentice is assigned a mentor (or *journey worker* in DOL terminology) who guides the registered apprentice. The mentor must be the Head of Group or a higher level staff person, and it is strongly recommended that this individual have a minimum of a two-year degree in Early Childhood Education, a CDA, or a Certificate of Completion in the Early Childhood Associate registered apprenticeship program. The apprentice must demonstrate competence in specific training areas as outlined by the Department of Labor, including completion of 3,500 hours of related work involvement and a yearly minimum of 144 clock hours of related instruction.

  The child care facility must certify that the apprentice has satisfactorily completed the required on-the-job training, and must agree to increase the apprentice's compensation in accordance with his or her skill level. An agent of the New York State Education Department certifies that the apprentice has satisfactorily completed the related instructional component of the program. The New York State Labor Department then issues a Certificate of Completion, signifying that the apprentice has met all the requirements of apprenticeship.

FOR MORE INFORMATION, CONTACT:
→ Valerie Sewell, Apprenticeship Training, NYS Department of Labor, Building 12, Room 200, State Campus, Albany, NY 12240. Phone: (518) 457-5701.

SCHOLARSHIPS WITH VISIBLE LINKS TO COMPENSATION

- In addition to North Carolina, where the program originated, the ***Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood® Project*** is currently being offered in Colorado, Georgia, Florida, Illinois, Idaho, Indiana, Oklahoma, New York, Pennsylvania and Wisconsin. ***T.E.A.C.H. Early Childhood New York***, described here as one example, is a program that provides educational scholarship opportunities for people working in regulated child care centers (and/or prekindergarten programs). Participants receive scholarships to earn a certificate, an associate's, or bachelor's degree in the field of early childhood. The program requires child care programs (centers or homes) and participants to make the following commitments.Individuals who wish to participate in the program must be working full-time (30 hours per week), must be willing to take nine to 15 hours of college credits, must pay 15% of the cost of tuition and books, and must be willing to remain in the child care center that sponsors them for one year after completion of T.E.A.C.H. participation. Child care centers must agree to sponsor one or more of their employees, contribute 15% of the cost of tuition and books, and provide 10 hours of release time for each employee they sponsor (up to a maximum of 60 hours) during the quarter. Additionally, the center must agree to raise the T.E.A.C.H. participant's salary when s/he has completed the following "milestones": 2% salary increase upon completion of a CDA or 30 credits in early childhood; 4% salary increase upon completion of an associate's degree in early

T.E.A.C.H. NY CONTACT:
→ Sage Ruckterstahl or Donna Hercules Hackshaw, NYSCCCC, 130 Ontario Street, Albany, NY 12206. Phone: (518) 463-8663.
T.E.A.C.H. CONTACT:
→ Susan Russell, Child Care Services Association, PO Box 901, Chapel Hill, NC 27514. Phone: (919) 967-3272.

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childhood; and 8% salary increase upon completion of a bachelor's degree in early childhood. T.E.A.C.H. Early Childhood New York is currently administered by the New York State Child Care Coordinating Council with funding from the American Business Collaboration for Quality Dependent Care and the New York State Education Department.

- The State of Montana established ***Merit Pay Awards*** to assist providers in accessing training opportunities. Individuals who work at least 20 hours a week in a center or home-based child care setting are eligible to apply for an award if they have completed at least 30 clock hours of training. Each applicant must submit a training plan in the fall, which is reviewed and approved by a committee. Training must be completed by September of the following year in order to receive the award. Awards are quite small—only $250 for 30 hours of training and $400 for 60 hours of training—but have made a significant difference in Montana. The program is currently administered by the State with CCDBG funds. At present, individuals who work in Head Start and the public schools are not eligible, although this is currently being evaluated and the program may be amended to include these staff.

FOR MORE INFORMATION, CONTACT:
→ Billie Warford, MSU Early Childhood Project, 117 Herrick Hall, Bozeman, MT 59717-0354.
Phone: (406) 994-5005

OTHER CAREER DEVELOPMENT APPROACHES

- The ***Child Care Careers Program at Wheelock College*** (CCCP) has 10 years of success in supporting low-income and welfare participants in a college-based program that provides substantial training and support services and a job placement so that the individuals are prepared for roles beyond those of aides and assistants. This program has had a high rate of employment for graduates, at better than average salaries. As a model, it provides evidence in favor of substantial entry-level training.

FOR MORE INFORMATION, CONTACT:
→ Patty Hnatiuk, Wheelock College, 200 The Riverway, Boston, MA 02215-4176.
Phone: (617) 879-2224.

- ***Director credentialing*** is a fast-growing approach to improving quality that is also an important compensation strategy. Many states are creating, or are en route to creating, credentials. For example, the state of Florida has written a director credential into law, making the credential a requirement for directors. The *Taking the Lead* Initiative at the Center has created a "hub" of information and materials on director credentialing. Some of this information is available on the Center's web site: http://ericps.crc.uiuc.edu/ccdece/ccdece.html.

FOR MORE INFORMATION, CONTACT:
→ Cecelia Alvarado, *Taking the Lead*, Wheelock College, 200 The Riverway, Boston, MA 02215-4176.
Phone: (617) 879-2211.

2. Greater Investments Per Child

Increasing the investment per child is a key approach to raising compensation. Child care is a labor-intensive service. Typically, at least half of a program's budget goes for compensation for

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staff who work directly with children. Public subsidy programs use reimbursement rates to invest in programs on behalf of low-income families. If rates are too low, programs cannot increase compensation. There are several examples of efforts to raise reimbursement rates. For example, the FY2000 budget in Massachusetts includes $39 million for rate increases. Rhode Island has committed to raising rates over three years. On the federal level, USA Child Care has launched the KIDSRATE Campaign and works to introduce federal legislation to raise rates.

HIGHER REIMBURSEMENT RATES

- To protect parents from tuition increases, and to assure a rate that is large enough to include pay increases for staff, approaches that pay above the "market rate" are preferable to approaches that raise the market rate. Many states pay differential rates. Differential rates can support programs for infants and toddlers, or children with special needs. Sixteen states pay a differential rate based on quality of the program. The oldest example of paying more for higher quality is in ***Minnesota***, where the practice has been a part of state policy for several decades—long enough to have developed the details of a smoothly operating policy.

  North Carolina has established five levels of quality, measured by the Harms-Clifford rating scales. The state pays at three levels. The ***Reaching for the Stars*** program in ***Oklahoma*** offers financial incentives for child care centers and family child care homes to improve their quality. One-star programs meet licensing requirements and receive the base reimbursement rate for children eligible for subsidy. Two-star programs meet additional quality criteria, such as teacher qualifications, training, staff compensation, parent involvement, and program evaluation, and receive a higher reimbursement rate. Three-star programs meet the two-star criteria and are also nationally accredited. To promote equity within the system, when states establish rating scales they should also provide the programs that will be rated with facilitation and the resources necessary to upgrade to achieve accreditation or otherwise improve to meet the new rating classifications.

Paying more for higher quality is a strategy for states to bring more money to child care programs that are making an effort to become accredited or to meet other standards of quality. If the additional amount is large enough, centers are able to raise wages. The practice of paying more for higher quality has the potential to have an effect on wages in the market as a whole. However, states that implement this policy must assess whether the difference in rate is great enough to enable a program to maintain quality. Specifically, these states must determine whether the difference significant enough to enable a program to pay their staff at a higher rate. Some states, like Oklahoma, are studying this issue and attempting to make their differential great enough to accomplish their goals.

FOR MORE INFORMATION, CONTACT:

- **Dale Wares, Oklahoma Department of Human Services, Division of Child Care, Sequoyah Memorial Office Building, P.O. Box 25352, Oklahoma City, OK 73125-0352 Phone: (405) 521-3561.**
- **Stephanie Fanjul, North Carolina Division of Child Development, P.O. Box 29553, Raleigh, NC 27626-0553. Phone: (919) 662-4543.**
- **Zoe Nicholie, Supervisor, Head Start/Child Care Development, Minnesota Department of Children Families and Learning, 1500 Highway, 36W, Roseville, MN 55113. Phone: (651) 582-8417.**

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FULL COST OF QUALITY INITIATIVES

Kansas City's ***Metropolitan Council on Child Care*** developed figures for what child care would cost if salaries were adequate. Studying what child care really costs, including the cost of fair salaries, training, and supports, is an important strategy. If the public subsidy represents only 50% of the true cost, for example, programs are in a better position to seek other sources of revenue than they are if the reimbursement rate is thought to be the same as the true cost.

FOR MORE INFORMATION, CONTACT:

- **Abby Baucom, Director, Metropolitan Council on Child Care, 600 Broadway, Suite 300, Kansas City, MO 64105-1554. Phone: (816) 421-7758.**
- **Gail Nourse, Director, Focus on Our Future, United Way of York County, 800 East King Street, York, PA 17405. Phone: (717) 771-3808.**

A similar effort was undertaken in ***York County, Pennsylvania***. To determine the cost of providing quality programs to all children whose families needed child care, the local Child Care Finance Commission examined budgets from accredited programs. To calculate "true cost," they increased salaries and qualifications to be comparable with local public school salaries.

MAXIMIZING SUBSIDY DOLLARS

- Two organizations, one in Illinois and another in Alabama, have developed training designed to increase the ability of child care center directors to maximize revenue from the state child care reimbursement system. Cheryl Gwin, from the ***Gulf Regional Childcare Management Agency*** in Mobile, Alabama, has developed a training curriculum to achieve three simple goals: helping child care center directors and family child care home operators understand that they need to establish rates based on a cost-based budget; explaining the process for establishing market rates and why centers should provide accurate information when a survey is conducted; and making sure that directors and family child care providers know where to go for help if they are unable to prepare a budget and establish a rate. Cheryl feels that many of the child care center directors and family child care providers in Alabama don't have any understanding of cost-based budgeting. She notes that they often "just pull rates out of the air because that's what everyone else seems to charge or what they think parents can afford" rather than determining actual costs and establishing rates on this basis.

FOR MORE INFORMATION, CONTACT:

- **Cheryl Gwin, Gulf Regional Childcare Management Agency, Mobile, AL 36601 Phone: (334) 473-1060, ext. 151.**
- **Tom Layman, Executive Director, Chicago Metro AEYC 410 South Michigan Suite 924 Chicago, IL 60605 Phone: (312) 427-5399.**

Tom Layman, now Executive Director of Chicago Metro AEYC and formerly director of the North Avenue Day Nursery in Chicago, Illinois worked with the ***Day Care Action Council*** to create a training curriculum to help child care centers in Illinois to establish rates that reflect true market costs. Tom conducted a few one-hour workshops for directors prior to the last Illinois market rate survey and followed up with more intensive training.

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MANAGING FOR STAFF RETENTION

The Center for the Child Care Workforce (CCW) conducted trainings for directors and teaching staff in the San Francisco Bay Area (initially and eventually throughout California) to assist centers in managing staff turnover. Curriculum development was based on an analysis of how other industries assess turnover costs and their impact on service quality, and how employers intervene to reduce employee departures. (This typically involves a three-part strategy addressing compensation, work relationships, and hiring practices.) The goal of this training is to help centers achieve cost savings which can be invested in staff needs. CCW has prepared a publication on best practices for managing turnover, called *Taking on Turnover*, and is now doing train-the-trainer workshops. Another useful tool for programs that want to create better jobs are the Model Work Standards for family child care and centers. These are also available from CCW.

FOR MORE INFORMATION, CONTACT:

- **Marci Young, Center for the Child Care Workforce, 733 Fifteenth Street NW, Suite 1037, Washington, DC 20005-2112. Phone: (202) 737-7700.**

USING SALARY SCALES TO REWARD AND RETAIN STAFF

Adopting a salary scale that rewards both increased qualifications and longevity on the job can reduce turnover. This two-factor type of salary scale has been included in all union contracts between the ***child care union in Massachusetts (District 65)*** and employers.

This two-factor salary scale is also an important part of the course curriculum included in the ***Advanced Seminars for Administrators***—intensive, weeklong summer courses for directors at Wheelock College. The salary scale is also in some of the content of training for Director Credentials, as for example in Wisconsin.

FOR MORE INFORMATION, CONTACT:

- **Nancy DeProsse (MA salary scale), District 65 UAW, Local 2322 243 King Street Northampton, MA 01060 Phone: (413) 545-5317**
- **Gwen Morgan, Advanced Seminars for Administrators, The Center, Wheelock College, 200 The Riverway, Boston, MA 02215-4176. Phone: (617) 879-2280.**
- **John Burbank, The Economic Opportunity Institute, 2400 45th St., Suite 101, Seattle, WA 98103. Phone: (206) 633-6580.**

The ***Washington State Child Care Career and Wage Ladder*** is a new state project funded with Transitional Assistance to Needy Families (TANF) funds at $3.5 million. Employees of participating centers will be paid depending on their job responsibilities, education, and years of experience. Centers must adopt the state's career and wage ladder that specifies a base salary and wage increments for the two factors of level of education and experience. The state will share with the center the cost of wage increments for employees with more education and experience.

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INCENTIVES FOR EMPLOYERS

Making it easy for employers to contribute to the cost of care is yet another approach to increasing the per child investment. The ***Florida Child Care Partnership Act*** is a good example of this approach. The state budgets $10 million annually to be matched 1:1 by employers to help working families afford child care. The public sector and business contribute equally. Government is providing an incentive for employer contributions and generating an additional $10 million each year toward child care. The Partnership is administered by the state CCR&R network.

FOR MORE INFORMATION, CONTACT:
→ **Donna Hefner, Florida Children's Forum, 2807 Remington Green Circle, Tallahassee, FL 32308. Phone: (850) 681-7002.**

3. Direct Investments in Programs and Staff

There are a variety of ways to make direct investments in programs and staff to support ongoing costs and improve quality. Some address compensation head on by providing funds for wages and benefits. Others provide resources more generally for quality improvement, while still others fund the costs of preparing for and maintaining accreditation. More direct support in larger amounts is essential.

COMPENSATION

- ***Child Care W.A.G.E.$ Project*** was developed in Orange County, North Carolina, to provide low paid preschool teachers and directors with salary supplements tied to their individual levels of education. The project builds on and coordinates with T.E.A.C.H. Early Childhood® Project by completing the incentive circle. While T.E.A.C.H. rewards those seeking more education, W.A.G.E.$ rewards those who have already attained more education. In 1999, the W.A.G.E.$ Project expanded statewide.

  Any teacher or family child care provider earning less than $14.14 per hour, and any director earning less than $14.72 per hour, may be eligible for a salary supplement. The supplement recipient must work with preschool-aged children in a child care program that is licensed, NAEYC-accredited, or registered and have some formal child care credential or education beyond a high school diploma. The amount of the supplement is determined by the recipient's level of education or type of child care credential. Annual salary supplements for family child care providers, teachers, or assistant teachers range from $200 to $3,000. For center directors, the salary supplement range is from $300 to $2,250 annually.

  The program is administered by the Day Care Services Association with funds mainly from the county Partnerships for Children (Smart Start). Teachers, family child care providers, and directors who complete an application and provide verification of current employment in a child care program, current wages, and educational credentials are eligible to receive a supplement. Participants receive a check every six months from the Day Care Services Association for half of their yearly award. (If a participant were to change employment within the six-month period, then the six-month period would have to start again beginning

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with their new employment site. This policy is designed to discourage participants from changing programs and provide more stability for children in their care.) Additionally, a child care center must agree to provide verification of an applicant's employment status and wages and agree not to use participation in the W.A.G.E.$ Project to offset normal wage increases.

FOR MORE INFORMATION, CONTACT:
→ **Susan Russell, Child Care Services Association, P.O. Box 901, Chapel Hill, NC 27514. Phone: (919) 967-3272.**

- ***San Francisco CARES (Compensation and Retention Encourage Stability)*** is a program designed to reward child care professionals for pursuing education to increase their skills, knowledge, and qualifications and promote retention of skilled staff in regulated child care settings (both centers and family child care). CARES was established by the San Francisco Board of Supervisors in July 1999, with an initial annual appropriation of $1.15 million.

  Stipends for individuals are offered at two levels. *Level One stipends* of $500 per year are available for any child care worker who has at least six units of early childhood education and/or child development training and continues to work in one program for at least one year. Level Two stipends are available to any child care worker who has training equivalent to the Child Development Permit Matrix requirements for either Teacher, Master Teacher, Site Supervisor, or Program Director; who remains working in one child care program for at least one year; and who participates in at least 21 hours of approved professional growth activities per year as defined by the California Commission on Teacher Credentialing. *Level Two annual stipends* begin at $1,500 for Teachers and $2,500 for those holding higher credentials. For those qualified at the level of Master Teacher and above, and who hold a bachelor's degree in child development or a related field, the annual stipend is $5,000. Those with a graduate degree in child development or a related field are eligible for an additional $500 annual stipend. Similarly, a teacher who is fluent in English and another language (including sign language) is eligible for an additional $500 annual stipend. The maximum stipend is $6,000. Priority is given to teachers earning less than $15 per hour, master teachers earning less than $18 per hour, site supervisors earning less than $21 per hour, and directors earning less than $24 per hour. Part-time staff receive pro-rated stipends.

  The CARES program also offer quality improvement grants—"Resources for Retention" grants—to public and private programs to improve staff retention. Grantee programs develop and implement staff retention plans that may include benefits such as retirement programs and other compensation improvements. Grantees must agree to participate in Corps meetings and participate in either management training or director mentoring. The maximum for a Resources for Retention grant is $15,000.

  Any person working in a licensed child care program in San Francisco who meets minimum qualifications and pursues additional professional training is eligible for the Corps and stipends. Any licensed program is eligible for Resources for Retention grants.

  FOR MORE INFORMATION, CONTACT:
  → **Dolores G. Terrazas, Department of Children, Youth, & Their Families of the City and County of San Francisco, 1390 Market Street, Suite 925, San Francisco, CA 94102. Phone: (415) 554-8791.**

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QUALITY IMPROVEMENT

The public is concerned about the quality of child care. On the one hand, there are many young parents who assume that in the United States any licensed care must be safe and healthy. Some of these parents are now slowly becoming aware that this is not the case. On the other hand, there are many families who assume that any child care outside the family is of low quality. Some of these families are forced to use extra-familial care because they do not have relatives able to help with the care of their children. Ensuring quality for all families is a public concern, albeit a complex and ambivalent concern, and strategies to improve quality will receive a degree of public support. Strategies would include development and use of outcome measures associated with good-quality care and dissemination of use of these measures in particular geographies. The outcomes need clear connection with the skills of the caregiving/teaching personnel and with turnover.

- Administered by the Wisconsin Department of Workforce Development using state and federal child care funds, the ***Wisconsin Quality Improvement Grants Program*** supports child care programs that seek to improve quality by undergoing accreditation, promoting teacher training, and raising compensation. Programs may receive an initial quality improvement grant for up to four years as long as they comply with the State's "high quality" standards within that time period. (If programs fail to meet the standards within four years they may be required to return the funds.) To meet the high quality standards programs must: be accredited by a national organization; ensure that all Lead Teachers have obtained, at minimum, a CDA credential; ensure that the program director has obtained at least a bachelor's degree in early childhood education; have an annual turnover rate of no more than 20% or a have a plan for how they will lower turnover to 20%; have an annual program evaluation; and make funds available for employee benefits and have a plan for improving staff compensation.

  First year quality improvement grants are $9,000 for a large child care center, $4,500 for a small child care center, $30,000 for a multi-site organization, and $1,400 for a family child care home. Slightly smaller grants are available in years two, three, and four. Once programs have met the high quality standards, they are eligible to apply for a continuing quality improvement grant for staff retention. These grants, which are based on the number of publicly subsidized children served in the program, may be used for wages, benefits, training, and other staff costs but not for supplies, facility costs, or lowering fees. Large child care centers receive $3,000 per subsidized child, small child care centers receive $1,500 per subsidized child, and family child care homes receive $400 per subsidized child. All programs—whether or not they serve subsidized children—are eligible for a minimum staff retention grant of $3,000, $1,500, or $400, depending upon their size.

FOR MORE INFORMATION, CONTACT:
→ **Laura Satterfield, Wisconsin Department of Workforce Development, 1 W. Wilson Street, Room 465, P.O. Box 7851, Madison, WI 53707. Phone: (608) 266-3443.**

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SUPPORTING AND REWARDING ACCREDITATION AND THE CDA CREDENTIAL

Center accreditation has the longest history among the accreditations available to different segments of the early care and education field. The newer accreditations available for family child care and for school-age programs are too recent to have much data. For centers, however, we know that there are varying percentages of accredited programs in different states, ranging from less than 2% in Louisiana to almost 28% in Massachusetts (Surr, 2000). Now that so many states pay more for higher quality care, efforts to help programs pay accreditation fees and meet the standards for accreditation, become even more important as community strategies.

- ***Vermont*** offers a ***15% subsidy bonus*** to child care centers that have been accredited by the National Association for the Education of Young Children (NAEYC) or the National Child Care Association (NCCA), and to family child care providers who have attained a Child Development Associate (CDA) credential or have been accredited by the National Association for Family Child Care (NAFCC). The bonus is equal to 15% of the total subsidy earned by the provider each quarter. Checks are sent to eligible providers each quarter. Accredited centers and homes that do not serve subsidized children are also eligible for a one-time, $1,000 bonus. The Child Care Services Division of the Vermont Department of Social and Rehabilitative Services administers the program.

  FOR MORE INFORMATION, CONTACT:
  → Kim Keiser, Child Care Services Division, Vermont Department of Social and Rehabilitation Services, Agency for Human Services, 103 South Main Street 2nd Floor, Waterbury VT 05671-2401. Phone: (802) 241-3110.

- The primary goal of the ***Chicago Accreditation Partnership*** (the Partnership) is to improve the quality of child care and Head Start programs in Chicago's low-income communities through assisting 400 urban child care programs to achieve improved quality by pursuing and maintaining accreditation. The Partnership emphasizes consultation and technical assistance on an individualized basis at the child care programs as well as resource materials for staff, professional staff development, and resources for families. Based on the experience of the pilot phase, the Partnership increased the funds it dedicates for consultation and technical assistance. Consultation and technical assistance are available both pre- and post-accreditation. Second, child care program improvement is supported through a grant program providing facilities and equipment. Funds may be used for renovation, remodeling, furniture, and equipment needs in the classroom.

  FOR MORE INFORMATION, CONTACT:
  → Jamilah R. Jor'dan, Chicago Accreditation Partnership, 228 South Wabash Avenue, Suite 1000 (10th Floor), Chicago, IL 60604. Phone: (312) 554-1300.

- The ***American Business Collaboration*** has supported facilitated accreditation projects in a number of cities during the past decade. These efforts paid all accreditation fees and provided other supports. Groups of directors meet for a year or more with a facilitator, as they pursue accreditation together. Funds for consultation and small grants are used to enable the programs to improve. Studies indicated that programs sometimes took much longer than a

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year to become accredited, but that all the programs significantly improved their quality in less than a year. Other companies, such as DuPont's Flying Colors project, have supported accreditation by paying fees, and offering a bonus upon successful completion.

FOR MORE INFORMATION, CONTACT:
→ **Debra Phillips, WFD, 200 Talcott Avenue, Watertown, MA 02472. Phone: (617) 673-3117.**

FUNDING HEALTH CARE BENEFITS

- In 1997, the ***Rhode Island Department of Human Services*** established policies that make fully paid health insurance available to family child care providers and extended the program to offer partially paid (50%) health insurance for staff in centers beginning in 1999. Providers who care for children as part of the state's child care program, and who are not covered by other health insurance, are eligible for ***RiteCare***, the state health insurance program for the uninsured. Staff in licensed centers serving 40% or more children receiving state child care subsidy children are eligible RiteCare or private health plans at 50% of the premium cost. The state pays about $900,000 per year in general revenues. However, the plan results in cost savings from Medicaid and public assistance.

  FOR MORE INFORMATION, CONTACT:
  → **Reeva Murphy, Rhode Island Department of Human Services, 600 New London Avenue, Louis Pasteur Bldg., Cranston, RI 02920. Phone: (401) 462-6875.**

- In ***North Carolina***, the ***T.E.A.C.H. Early Childhood® Health Insurance Program*** is an initiative to help fund the cost of health insurance for individuals working in child care programs that have made a commitment to supporting the education and compensation of their staff. Eligible child care staff may have up to one-third of the cost of individual health insurance coverage reimbursed through a special fund. State funds support up to one-third of the cost of individual (not family) health insurance coverage for staff in eligible child care programs. Participating programs must agree to cover at least one-third of the cost of the health insurance, and employees may be charged the remaining one-third. Participating programs may elect to cover both the employer and employee costs of insurance. Staff in child care centers and homes that have staff who participate in the T.E.A.C.H. Early Childhood® associate's or bachelor's degree scholarship programs are eligible. The program took effect in April of 1999.

  FOR MORE INFORMATION, CONTACT:
  → **Susan Russell, Child Care Services Association, PO Box 901, Chapel Hill, NC 27514. Phone: (919) 967-3272.**

- The ***Wayne County Health Choice*** program in ***Michigan*** offers baseline HMO-like health care coverage to low-wage employees of child care centers as well as restaurants, beauty salons, and other employers that traditionally do not offer medical benefits. The initiative was designed to help hospitals cut costs by reducing the number of uninsured individuals who are treated at emergency rooms and are unable to pay their bills. Health Choice is available only to businesses in the county who have not offered health care benefits during the preceding 12 months, have at least three employees, and at least half of the employees

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must earn an average wage of less than $10 per hour. Employees, employers, and the county each pay one-third of the insurance cost, which for a single person is $126 monthly or $42 per party and $360 per month or $120 per party for an employee with three or more dependents. The program costs nearly $3 million a year. Of the county's share, $800,000 comes from state and federal Medicaid funds and contributions from hospitals; the county itself contributes $150,000 per year. In 2000, this program received the Honor Roll Award for Exemplary Models of Health Coverage for the Uninsured from the Healthcare Leadership Council. Wayne County Health Choice is administered by Patient Care Management System.

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4. Better Information for Consumers

As mentioned earlier, parents want objective information to help them choose better programs. In addition to information about which programs are accredited, there are other kinds of information that could be collected and distributed. For example, consider:

- the percentage of educators employed by a program who have certificates and/or degrees in early education or child development;
- the director's qualifications;
- the regulatory compliance history of a program using a standard format such as poor, medium, high; and
- staffing ratios for infants and toddlers.

For many years, CCR&Rs in Florida have advertised the accreditation status of programs, printing the names of accredited programs in bold in directories. The Florida legislature has now created a "Gold Seal" system for identifying higher quality. Since the early 1970's, the 4C of Central Florida has used "gold star" system of higher quality standards for programs to meet. This concept of identifying high quality programs is now a part of Florida's quality improvement strategies statewide.

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5. Upgrading Standards used in Licensing and Funding

As we noted on page four, the early care and education field relies on an "elastic" supply of workers, a secondary labor force that flows in and out of employment without commitment to the work. Standards that require early childhood professionals—entry-level to directors—to engage in and continue to pursue training, in tandem with practices that tie increased compensation to increased learning, create career paths, and stabilize the workforce.

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Licensing standards can be raised incrementally whenever there are individuals and programs able to meet them; otherwise they will be widely waived. When it is not feasible to raise a requirement at once, its effective date can be postponed and *grandfathering* (existing personnel are exempt) or *grandmothering* (existing personnel are exempt for a period of time) can be used. For example, the Texas licensing office added a new rule requiring credentials for directors, but gave the new rule an effective date three years later. When it is not possible to raise licensing standards, it is often possible for the funding agency to raise funding specifications.
In the next few pages, we discuss some licensing improvements that are strategies for compensation:

- Adding required coursework in administration to required coursework in child development for directors (including adding a director credential to the ways to meet requirements for directors).
- Establishing levels of roles with levels of required training.
- Increasing pre-service qualifications for teachers/caregivers.
- Increasing and improving annual ongoing training requirements (including encouraging the use of college-credit courses to meet the requirements).
- Tightening up on the definition of experience.

ADDING REQUIRED COURSEWORK IN ADMINISTRATION

Only five states specify administrative training for administrators. It is feasible to require more training, and the result would influence compensation as well as quality. In states where a director credential is developed, the state might require that credential or list it among a variety of ways in which a director can qualify for the role. Texas was the first state to add a director credential to its licensing rules.

LEVELS OF ROLES WITH LEVELS OF REQUIRED TRAINING

Twelve states have set requirements in licensing for two levels of classroom teachers, one with higher academic qualifications than the other. As the labor market tightens, the higher level of teacher becomes harder to find and employ. As a result, it is more likely that salaries for this desirable employee will have to be competitive, unlike the salaries for the aides and assistants who may constitute a secondary labor force moving in and out of employment.

In Massachusetts, a lead teacher must have at least three more courses than a teacher. Lead teachers are not required in each classroom in this state, but every center program must have at least one, with the number increasing by size of center. The fact of the two levels has resulted in a strong interest in further college coursework among teachers, and some evidence that salaries for lead teachers are higher.

Levels can be created by identifying both aides and assistants. Most states have one or the other but not both. Aides would be hired provisionally, as is current practice. After a specified number of hours of ongoing training hours they could be promoted to assistant and paid more. Assistants

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would be expected to pursue training to become teachers. Levels can be created for directors by size of center. Levels might also be added for family child care. Creating a master provider level (by whatever name) could:

- benefit the field of practice, since training might then be offered at different levels;
- be of value to public policy, since states would have an identifiable supply of providers competent to care for children whose needs are greater than average; and
- aid consumers by identifying a short list of well-qualified providers.

No state has added levels for family child care, but several states have substantially higher requirements for large home providers than those for small homes. Delaware permits better qualified group home providers to enroll an additional child.

INCREASING PRE-SERVICE QUALIFICATIONS FOR TEACHERS/CAREGIVERS

There is general agreement that the states have set their requirements for teachers and caregivers too low. Raising the bar for academic preparation and providing assistance to meet the new requirement might attract public support in some states. This strategy may not be feasible in some states where an anti-regulatory climate surrounds the issue. Making this change through licensing is the most difficult of the strategies based on improved licensing, because there is not currently a supply of qualified individuals to meet the requirement. This strategy will be possible only after other strategies, such as accreditation, scholarships, training, or loan forgiveness have raised the level of quality in the field of practice. In some states, the change might be made concurrently with other strategies.

There has been little improvement in pre-service qualifications over the past few decades. Only 11 states, the District of Columbia, and New York City have pre-service requirements for teachers in licensed child care that are greater than one course. The states are California, Delaware, District of Columbia, Hawaii, Illinois, Kansas, Maryland, Minnesota, New Jersey, Rhode Island, Vermont and Wisconsin (Azer, 1999). There are states not on this list that might conceivably raise their requirements to two courses or three courses, or the CDA credential because these thirteen states have done so.

But, the 31 states that have *no* pre-service qualifications for teachers are not likely to move to this higher level all at once. For them, requiring one college course would be a break-through. That break-through might be more feasible if the ongoing training requirements were strengthened to serve as preparation for meeting the pre-service requirement. The two states that have neither an ongoing nor a pre-service training requirement—Louisiana and Michigan—present an even greater strategic challenge.

It is common for states to specify alternative qualifications, such as: a bachelor's degree OR an associate's degree with two years of experience, OR a Child Development Associate credential and three years of experience. Of course, the lowest alternative is the bottom line for what is required. However, this specification of alternatives has some advantages. It avoids the assumption that there is only one level of education that is appropriate, and encourages continued

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learning and higher degrees. It values retention. The different academic ways of qualifying can become the guidelines for salary policies.

INCREASING AND IMPROVING ANNUAL ONGOING TRAINING REQUIREMENTS

States have found it easier to gain public support to add ongoing training requirements than to increase pre-service qualifications. These ongoing requirements are relatively new, and are rarely substantial, but it might be easier in the short run to improve them than to raise pre-service qualifications. In the past, this requirement was most often met by in-house training. More recently, however, training is provided at the community level by colleges, conferences, and CCR&Rs.

Forty-four of the fifty states now require annual hours of ongoing training for teachers, and 37 require it for directors. Most of these requirements are not substantial, and none are focused on credit-bearing training. However, as states have increased the number of hours they require, it is apparent that:

- It is easier to add to ongoing training requirements than to increase pre-service requirements.
- States can require enough hours so that an individual takes as much as the equivalent of a course every year.
- This ongoing training, when substantial, could add up over time to pre-service qualifications for a career move to another role.

No state has fully exploited the potential of ongoing training requirements as a strategy for career development.

Minnesota requires that annual training equal 2% of hours worked in a year. The number works out to be fairly high, equivalent to the contact hours for a course at many colleges. Most states, however, do not require that many hours of training a year. If the number of hours are raised to a substantial amount of training, and if scholarship aid is available, many will meet the requirement by taking a college level course. Others who decide later to get a degree, will want to transform their annual training to credit for prior learning. Knowing this, states can encourage the use of training programs that carry Continuing Education Units (CEUs) or are otherwise more easily transformable to credit.

For the four states (Maine, Minnesota, New Mexico, and Wisconsin) that require 24 hours or more of ongoing annual training, it would be possible to encourage and support using college coursework to meet the requirement. That way, the annual training can "count" toward degree programs when the individual is ready to enroll in such a program. For the states with fewer numbers of required hours of training, adding more hours would be important.

The addition of training requirements presents a problem in implementation. A licensor on a licensing visit cannot easily check the qualifications of all staff. A portable license for the individual, and a Registry, are solutions that are being tried that make it feasible to require more qualified staff.

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TIGHTENING UP THE DEFINITION OF EXPERIENCE

States have tried to trade off experience with academic qualifications, substituting a year of work experience for a year of college. Research, however, does not back up the assumption that experience alone leads to skilled teaching. One strategy that would preserve the flexibility of the current policies but strengthen the emphasis on academic qualifications would be to tighten up on the definitions and policies for experience that could be substituted for academic work.

For example, states could require that experience be acceptable only if:

- in accredited centers;
- with the age group for which the individual wishes to qualify
- supervised by a teacher qualified by no less than a college degree in early care and education;
- at least four hours a day;
- accumulated in blocks of time no shorter than three months.

No state has made changes like these in the experience requirements.

6. Organizing the Workforce

Union organizing for better compensation and working conditions is a strategy that has been effective in other fields, notably public education, but has not been much used in early care and education. Currently, only a small minority of workers in the early care and education field are organized, principally in large urban areas such as New York City's American Federation of State County and Municipal Employees (AFSCME) and in a few states such as ***Massachusetts*** where the ***Child Care Employees Union of the United Auto Workers*** (UAW) has organized the staff of many centers. Both of these unions have seen that most of the solution to the compensation problems of their members rests in the realm of public policy (not within the individual centers) and have become deeply involved in the advocacy process.

In many people's minds, however, unions are associated primarily with government and business rather than private sector human service enterprises. Indeed, a traditional union approach that is adversarial, pitting management against workers, runs against the dominant culture of cooperation that characterizes most early childhood organizations. A new approach to unionism takes a community-wide view of organizing as opposed to a center-by-center approach. This approach holds promise for our field and is underway in several sites around the country.

- In ***Seattle***, the ***Child Care Union Project*** through District 925 of the Service Employees International Union (SEIU) has organized teachers at 12 centers. The management of the 12 centers has formed an association and a master contract is being negotiated. In ***Philadelphia***, center teachers and family child care providers have created a new city-wide ***United Child Care Union*** with two sections, United Child Care Professionals for center-based staff and United Child Care Providers for the home-based providers. Both are part of AFSCME's Union of Hospital and Health Care Employees. The United Child Care Union is working on organizing a management association of center directors and owners to negotiate community-

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wide master agreements. Both AFSCME and SEIU are active and powerful voices on the federal and state levels. This "new unionism" strategy brings the community together and directs the collective efforts of staff and management to changing public policy as well as improving working conditions in each individual child care program.

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- **Philadelphia's United Child Care Union**
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IV. Conclusion

In this paper, we have taken a broader perspective of the systems issue of compensation in the early care and education field than usual. As a result, we have identified some different approaches to problem-solving this complex and critically important issue. We have also profiled some promising initiatives that represent strategies toward a solution.

To sum up our major points:

1. Our field needs more effective demand for child care. More effective demand can be created through more extensive subsidy programs and more generous tax credits for child care expenses.

2. Public investments in scholarship assistance, loan forgiveness programs, and other incentives for recruitment and retention can overcome our field's negative return on investment.

3. Practices that retain and engage workers in continuing learning can get entry-level workers on a career path and reduce reliance on a flexible, secondary labor force. Over time, a system that requires aides and assistants to participate in training will enable them to move into more demanding roles. In this sense, career development policies are important as wage initiatives.

4. Unions that are experimenting with collaborative organizing at the community level have great potential to improve compensation in those communities and more broadly in the field.

5. CCR&Rs can have a stronger effect on demand if they offer parents specific consumer information to judge program quality. If CCR&Rs make that shift, it will be a compensation strategy as well as a quality strategy.

6. To have lasting effects on quality and compensation, while keeping programs affordable to families, we must increase direct support for early care and education programs increasing the amount invested per child.

Any one strategy that is adopted is not, in itself, the "answer." We need a range of strategies, and we need to be sure that the combined effect of our strategies assures access and equity to all the present and potential members of the early care and education field.

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